

Jan 1st, 12:00 AM

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Amrut Sadachar

Auburn University, amrut@auburn.edu

Kseniya Konika

Anthropologie, konikakml@gmail.com

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Sadachar, Amrut and Konika, Kseniya, "The Role of Sustainable Visual Merchandising Practices in Predicting Retail Store Loyalty" (2017). *International Textile and Apparel Association (ITAA) Annual Conference Proceedings*. 147.
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The Role of Sustainable Visual Merchandising Practices in Predicting Retail Store Loyalty

Amrut Sadachar, Auburn University, USA

Kseniya Konika, Anthropologie, USA

Keywords: sustainability, attitude, visual merchandising, loyalty

Introduction: Fifty percent of Americans are partially concerned about environmental problems and an additional 15% have great interest in and willingness to conserve the environment (Hyllegard, Ogle, & Dunbar, 2006). Consumers want retailers not only to carry “green (environmentally friendly)” products, but also to transform stores into eco-friendly settings as people are becoming more sensitive about environment for future generations (Pegler, 2012). By utilizing sustainable practices in retail, a company benefits the environment as well as creates a positive brand image (Lee, Choi, Youn, & Lee, 2012). Increasing numbers of consumers are willing to pay for eco-friendly products and want to shop in green stores (Pegler, 2012), leading to a rising demand for eco-friendly retailers. Relevant visual merchandising practices can essentially fulfill this need. Therefore, the purpose of the present study was to identify sustainable visual merchandising practices to gain insight into consumers’ attitudes toward such practices, to predict consumers’ intention to patronize and buy from such retailers which use green visual merchandising practices, and ultimately to predict the store loyalty.

Background and Hypotheses: By using sustainable visual merchandising practices, retailers can expect increased patronage intention from environmentally responsible consumers (Baker, Parasuraman, Grewal, & Voss, 2002). Moreover, consumers might be willing to buy from such retailers. Eco-friendly design leads to revenue in the long term (Badding, 2011) and hence potential consumers’ loyalty to retailers might be predicted via their attitude toward sustainable visual merchandising practices, attitudes which influence behavioral intentions (Ajzen & Fishbein, 1980). The Stimulus-Organism-Response (S-O-R) framework (Mehrabian & Russell, 1974) posits that the physical environment (e.g., visual merchandising) contains cues (Stimulus) that influence an individual’s states (Organism) (e.g., attitudes), which ultimately determine consumer’s behavior (Response) (e.g., loyalty). S-O-R framework was used as a supporting framework for the present study. Based on the extant literature, the following hypotheses were formulated:

H1: Positive consumer attitude toward sustainable visual merchandising practices will positively influence willingness to buy from such a retailer.

H2: Positive consumer attitude toward sustainable visual merchandising practices will positively influence intention to patronize such a retailer.

H3: Consumer willingness to buy from retailers who practice sustainable visual merchandising will influence store loyalty.

H4: Consumer intention to patronize retailers who practice sustainable visual merchandising practices will influence store loyalty.

Method: An online survey method was used to collect data. A total of 737 useable surveys were gathered from students (age 18 and above) enrolled at large public U.S. Midwest University. Five vignettes reflecting consumers’ attitude toward sustainable practices in visual merchandising (such as energy efficient lighting, eco-friendly fixtures, store displays created from repurposed material) were developed. Items from existing scales with acceptable

reliabilities ($\alpha > .70$) were adapted to measure willingness to buy, patronage intention, and store loyalty. The survey included seven-point Likert-type scale (1 = *Strongly Disagree*, 7 = *Strongly Agree*). Demographic questions were also included in the survey. SPSS 22.0 was used to run descriptive statistics and exploratory factor analysis (EFA); MPlus 7.0 was used to run confirmatory factor analysis (CFA) and structural equation modeling (SEM).

Results: The majority of the respondents were female (67%) and single (94%). Exploratory factor analysis identified the factors for each construct. Items loading above .40 on a factor and below 0.30 on the other factors were retained. All items were retained as they satisfied this criteria. The resulting scales demonstrated internal consistency, with Cronbach's α of .70 or greater. The measurement model ($\chi^2 = 626.59$, $df = 98$, $p \leq .05$, CFI = .95, RMSEA = .08, SRMR = .06) and structural model ($\chi^2 = 628.43$, $df = 99$, $p \leq .05$, CFI = .94, RMSEA = .08, SRMR = .06) had acceptable fit. All hypotheses were supported except *H3*. Based on standardized path coefficients and significance levels, attitude toward sustainable merchandising practices positively influenced willingness to buy ($\beta = 0.67$, $p < .000$) and patronage intention ($\beta = 0.71$, $p < .000$). Willingness to buy ($\beta = 0.12$, $p = .33$) was not found to have a significant relationship with store loyalty. Patronage intention ($\beta = 0.66$, $p < .000$) positively influenced store loyalty. Sixty percent of variance was explained through this model.

Conclusion and Implications: The research findings contribute to a better understanding of sustainability retail practices and its influence on store loyalty. Findings suggest that consumers' attitude toward sustainable visual merchandising practices is a strong indicator of their willingness to buy and intention to patronize such retailers, which ultimately results in store loyalty. Thus, retailers should implement more and more sustainable visual merchandising practices and should emphasize those efforts in advertising and marketing, which will help to ensure store loyalty. This way, retailers will not only contribute to the cause of saving the environment but also lead to profitability. For future research, the present study can be expanded by testing across different age groups, countries, and cultures.

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